

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 57899

TOWN OF LATAH

Spokane County, Washington

January 1, 1994 Through December 31, 1995

Issue Date: December 13, 1996

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TOWN OF LATAH
Spokane County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Compliance With State
Laws And Regulations**

Mayor
Town of Latah
Latah, Washington

We have audited the financial statements, as listed in the table of contents, of the Town of Latah, Spokane County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated October 2, 1996.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the town complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the town's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the town and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the town complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the town had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

October 2, 1996

TOWN OF LATAH
Spokane County, Washington
January 1, 1994 Through December 31, 1995

Schedule Of Findings

1. Town Officials Should Not Make Gifts Of Public Funds

During our review of the town's water and sewer utility services, we noted the following instances where the town council improperly forgave or reduced accounts receivable.

- a. The town council forgave a customer's water use charges in the amount of \$834 due to a faulty water line that was on the customer's property. This is not in accordance with the town's ordinance.
- b. The town council forgave one half of a renter's unpaid water bill. The resident moved without paying the final water bill. This was a rental property and the owner appealed to council that the final bill be shared equally between the owner and the town.
- c. The rental fees on the community center were waived or reduced on several occasions based upon requests submitted to council from users of the community center. There was no benefit to the town for waiving or reducing the fees.

Article VIII, Section 7 of the *Constitution of the State of Washington* states in part:

No county, city, town, or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company, or corporation, except for the necessary support of the poor and infirm

Town Ordinance No. 141, Section 3 states:

New Service. The line from the main to the meter, and the meter proper shall be maintained by the town. Maintenance from the meter to the dwelling or place of use shall be the responsibility of the user.

Town Ordinance No. 167 states:

. . . any bill not paid by the 25th of the month will have a \$10.00 late fee added to it. Any customer not paying their bill within 45 days from the 1st of the month will have their water shut off.

We recommend the town explore appropriate legal remedies to collect the water use charges and community center fees that are owed to the town.

Auditee's Remarks

The Town of Latah will not go back and collect the water use charges and the community center fees that were forgiven in the past. The Town will not make gifts of public funds in the future by forgiving fees.

Auditor's Concluding Remarks

We thank the town's management for their timely response to the issues discussed in the finding. We will review this area in our next regularly scheduled audit.

TOWN OF LATAH
Spokane County, Washington
January 1, 1994 Through December 31, 1995

Status Of Prior Findings

The finding contained in the prior audit report was resolved as follows:

1. Town Should Formally Adopt A Policy Of Nondiscrimination

Resolution: *This finding was resolved.*

TOWN OF LATAH
Spokane County, Washington
January 1, 1994 Through December 31, 1995

Independent Auditor's Report On Financial Statements

Mayor
Town of Latah
Latah, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the Town of Latah, Spokane County, Washington, for the fiscal years ended December 31, 1995 and 1994. These financial statements are the responsibility of the town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the town prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Town of Latah for the fiscal years ended December 31, 1995 and 1994, on the cash basis of accounting described in Note 1.

Brian Sonntag
State Auditor

October 2, 1996